

<b>TRAINING AND EMPLOYMENT NOTICE</b>	<b>NO.</b> 27-13
	<b>DATE</b> April 8, 2014

**TO:** STATE WORKFORCE AGENCIES  
STATE WORKFORCE LIAISONS  
UNEMPLOYMENT INSURANCE DIRECTORS

**FROM:** ERIC M. SELEZNOW  
Acting Assistant Secretary

**SUBJECT:** Unemployment Compensation for Ex-Servicemembers (UCX)  
Military-State Data Exchange System (MSDES)

1. **Purpose.** To advise state workforce agencies of the completion of the MSDES project, which improves, streamlines, and automates UCX claims processing and billing for states and Federal military branches and to announce a webinar to provide an overview of the MSDES.

2. **References.**

- 5 U.S.C. Chapter 85, subchapter II, Unemployment Compensation for Ex-Servicemembers (5 U.S.C. 8521-8525) (the UCX law);
- 5 U.S.C. 8509(f), *Federal Employees Compensation Account*;
- 20 CFR Part 614, Unemployment Compensation for Ex-Servicemembers;
- ET Handbook No. 384, Unemployment Compensation for Ex-Servicemembers; and
- Training and Employment Notice No. 20-12.

3. **Background.** In 2013, the US Department of Labor (Department) began collaborating with the Department of Defense (Air Force, Army, Coast Guard, Marines, Navy, and the Office of the Secretary of Defense); the National Association of State Workforce Agencies' Unemployment Insurance (UI) Committee and Interstate Benefits Subcommittee; the District of Columbia, Georgia, Nebraska, New Hampshire, and Wisconsin as well as the Department's contractor for the Federal Claims Control Center (FCCC) to develop an electronic exchange system for UCX claims processing and detailed quarterly billing statements.

The FCCC was established by the Department to be the official source of military wage and separation information for UCX purposes. The FCCC uses a request/response system to facilitate the flow of information between the states and the military branches. States use this system to determine UCX entitlement. The FCCC also maintains a system of "claims control records" for program integrity purposes. The resulting MSDES system, which is housed at the FCCC, has two components: 1) the Military-State Data Exchange Claims (MSDEC) and 2) the Military-State Data Exchange Billing (MSDEB). As of March 7, 2014, both

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U.S. DEPARTMENT OF LABOR  
WASHINGTON, D.C. 20210**

components have been successfully developed, and pilot tested by Alabama, the District of Columbia, Georgia, Iowa, Minnesota, Montana, Nebraska, New Hampshire, New Mexico, Oklahoma, Utah, Wisconsin, Air Force, Army, Coast Guard, Marines and the Navy. The MSDES is now in full production mode.

4. **Enhancements to the UCX Initial Claims Process: MSDEC.** The MSDEC has provided the states and the military branches with the ability to exchange UCX claim filing information electronically for processing. The FCCC uploads daily requests, received from the states, to the MSDES website when a UCX claim is filed and established. This daily electronic uploading into MSDES allows for more timely and secure notification to the military when a UCX claim is established. The military branches are able to download information from MSDES to verify the information. The military branch can also send a Military Response form to the state using MSDES when there is a question regarding UCX entitlement. The appropriate staff in the state is prompted, through an e-mail sent by the MSDEC, to view the Military Response form, re-examine the UCX benefit year established, and respond to the military with a State Acknowledgement form. The system also has an Additional Income form, so that the military branch can alert the state if a claimant is receiving other income, such as retirement or severance pay. The ability for states and the military branches to exchange information in a timely manner will help to maintain UCX program integrity. There is no new programming required of states to participate in the MSDEC process.
5. **Enhancements to the UCX Quarterly Billing Process: MSDEB.** States now have the capability to upload their UCX detailed quarterly billing statements to the MSDEB, to be electronically transmitted to the military branches, instead of mailing the statements to each military branch. States can upload their detailed quarterly billing statement for each military branch each calendar quarter in a prescribed format. The military branches have the capability to download each state's billing statement to review the statements. If the military branch has a question regarding the statement(s), it can send a Military Response form to the state. The state is prompted by the MSDEB to view the Military Response form, re-examine the statement(s) and the relevant UCX benefit year and/or benefit payments and respond to the military with a State Acknowledgement form. The secure electronic uploading and downloading of detailed quarterly billings statements enhance integrity in two distinct ways, 1) personally identifiable information can no longer be compromised via the mail, and 2) billing issues can be addressed in a timelier manner.
6. **Next Steps.** A webinar will be held on April 9, 2014, at 2:00 pm EST to discuss the key features of MSDES, as well as lessons learned. To join the webinar, please go to: <https://www.workforce3one.org/page/webinars>. States are encouraged to participate in this webinar and become active users of MSDES.

States that do not yet have MSDES access should contact Regional Office staff for assistance. The Regional Office will coordinate with National Office and FCCC staff and instructions for system access and/or any necessary technical assistance will be provided to each state.

In the next few months, the Department expects to make supplemental funding available to states to encourage the use of MSDES. A formal announcement will be made via an Unemployment Insurance Program Letter.

7. **Action Requested.** State Administrators are requested to: 1) provide this information to their UI Directors and other appropriate staff, and 2) to contact the Regional Office, as soon as possible, for assistance in getting access to the MSDES (if not yet acquired).
8. **Inquiries.** Inquiries should be directed to the appropriate Regional Office.